

Exciting election – lame consequences?

In coming months, markets might get unnerved, temporarily overpricing political risks.

IN A NUTSHELL



Björn Jesch
Global Chief Investment
Officer



Peter Doralt
Senior Research Analyst
Thought Leadership



Francis (Frank) J. Kelly
Founder & Managing Partner,
Fulcrum Macro Advisors LLC &
Senior Political Strategist for
DWS

- As former presidents, neither Biden nor Trump could run again in 2028, due to the 22nd Amendment of the U.S. constitution limiting presidents to two terms.
- Chances are that the next president will become a bit of a lame duck quite swiftly.
- 2024 could therefore turn out to be one of the less consequential U.S. elections in living memory.
- From a market perspective, this could create opportunities along the way, if markets get unnerved and temporarily end up overpricing political risks.

An exciting election, not necessarily all as consequential as it might feel along the way

“The most important election of our lives” is a beloved cliché among U.S. political pundits. Headline writers and advertisers tend to roll it out almost every four years.¹ In that sense at least, 2024 will be no different – but it will feel very different, not least to investors around the world. We would argue that this reflects not just experiences of the past eight years: political turmoil, starting with the Brexit saga, leading to market turmoil. Rather – and as we pointed out in our Special previewing the 2020 U.S. elections – U.S. politics has been undergoing one of those seismic shifts that happen only every few decades. To a large extent, that reflects changing electoral coalitions of both major parties.

On economic policies, especially on trade, the swing away from the Republicanism of the 1980s under Ronald Reagan was already well under way by 2020. Increasingly, we are seeing signs of similar, but very erratic shifts of Republican thinking well beyond trade, from foreign affairs to monetary policy.² Aid to Ukraine has been a prime example of how fractious Congressional Republicans have become.³

Such splits – in either party – are hardly unprecedented.⁴ The growing tendency to look inwards among Republicans has deep roots within conservative thinking. To find an example of isolation being on the verge of dominance, you have to go back to the 1940 Republican nomination fight and Wendell Willkie’s surprise victory over those wishing to put “America First” back then.⁵ For now, though, the influence and staying power of full-blown American isolationism should not be overstated. Any Republican administration, whether it comes to power after the 2024, 2028 or 2032 will necessarily be constrained by global realities as they might exist come inauguration day.⁶ Still, it is no wonder America’s friends and allies around the world are looking at every twist of this particular U.S. election campaign with great interest and some concern, not least in the light of last week’s debate between the two candidates.⁷ Joe Biden’s stumbling performance led to a renewed chorus of calls for him to drop out.⁸ Such scenarios have always been possible, but we would caution a bit of patience might be in order, at least until there is more polling evidence – voter reactions can be quite unpredictable.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

1 / Term limits and the next U.S. president

1.1 Chances still are that the next president will become a bit of a lame duck quite swiftly.

From a market perspective, though, there is a particular feature of the 2024 U.S. presidential election that is arguably far more significant. Think about it as the most overlooked fundamental of this election season and its aftermath, in terms of potential consequences for the U.S. economy and financial markets.

This is because at least in one important way, 2024 is likely to be objectively unprecedented.⁹ It still seems likely, though still by no means certain that there is a rematch of the 2020 nominees of the two major parties, with no other candidate having much of a chance.¹⁰ If so, that would be the first time in more than 100 years that a sitting U.S. president and a former incumbent end up facing each other in the general election (1912 comes closest). All previous instances, moreover, happened before the ratification of the 22nd Amendment to the U.S. Constitution in 1951, limiting presidents to two terms.¹¹ This means that if either Trump or Biden wins in 2024, the next president will be term-limited, unless the Constitution is amended which is extremely unlikely. At least in a modern U.S. context, seasoned observers and even historians have never seen anything quite like this.

Thinking through the implications of this for particular areas of policy is quite tricky.¹² The term “lame duck” appears to date back to the 18th century London Stock Exchange (LSE), referring to a member who could not settle his debts and was therefore forced to waddle out of the exchange alley (i.e. lose their LSE membership).¹³ Like the threat of default, the prospect of becoming a lame duck can thus encourage risk-seeking behavior. In politics, it typically refers to an ineffective leader – someone still in office but not really wielding much power any longer, for example a second-term U.S. president having lost badly in midterm elections.

Applying this idea to 2024 and its likely aftermath requires understanding where presidential power – in the U.S. and elsewhere – comes from. The U.S. presidency may be the most powerful elected office in the world. But as in other highly personalized systems of exercising power, U.S. presidential influence partly stems from deciding who is punished and who is rewarded not just in the present but well into the future. The shorter, or less certain, that future time horizon, the less credible is the threat of presidential rewards or punishments.

Similar dynamics are at work in any personalized system: they apply to aging kings or elderly autocratic leaders, as much if not more so than to democratically elected politicians. In such systems, leaders often intentionally divide and conquer elites. It all looks stable until the leader falls gravely ill, faces a massive drop in popularity or is simply of an age that fosters expectations of power changing hands and triggers a wave of speculation about potential successors.¹⁴

In our view, this basic fact about 2024 is more important than anything either of the two leading candidates ends up saying or promising between now and the November election. Barring a change at the top of either parties’ presidential ticket (with some other Republican or Democrat replacing the current nominees), U.S. term limits mean that it is highly probable from the outset that either of the two leading candidates will become a lame duck – eventually.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

2 / Waddling towards lame-duck status

2.1 Three plausible scenarios for the election and its aftermath

Over the next couple of months, countless pages will no doubt be filled in trying to forecast this year's U.S. election outcomes – including, presumably, by us. For both the presidency and Congress, this election will be fascinating but tricky to get right. Both major parties' presumptive nominees are old and historically unpopular among the general electorate.¹⁵ Added to this are the complications from the way the United States elects its president through the Electoral College, a topic we will no doubt return to frequently.

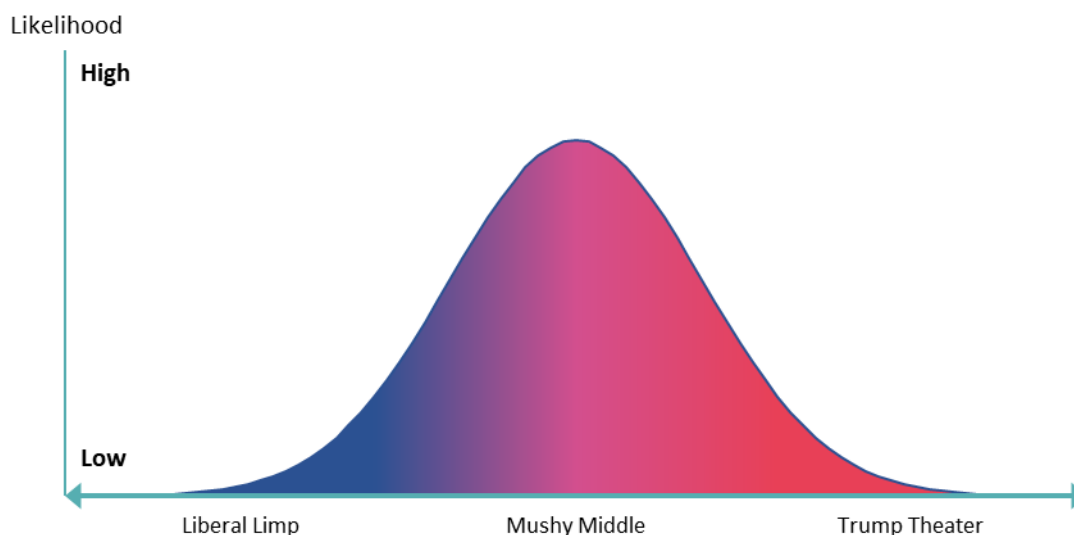
For now, a few big-picture observations will suffice. Both leading candidates appear to be struggling to win above 50% of unusually many states, and it is far too early for pollsters to make more than educated guesses about the likely composition of the electorate.¹⁶ Add the uncertainty over where and which independent or third-party candidates will gain ballot access, and how they will run their campaigns, and we would certainly caution against focusing too much attention on what national polls, let alone swing-state polls currently show; the electoral landscape might look very different come November.¹⁷

Other measures such as the generic Congressional ballot similarly suggests that voters remain unenthusiastic about entrusting all power to either one of the parties.¹⁸ In short, the electoral landscape continues to leave plenty of surprising twists, from changes to either presidential ticket and unusually strong independent candidacies to outcomes in which both nominees fall short of 270 electoral college votes.¹⁹ Voters who are disenchanted by both Trump and Biden almost per definition rarely know months in advance what they might do in November.²⁰

For investors, we would argue that it nevertheless makes sense to focus on gridlock and divided government of various stripes, as the range of base cases most worthy of their attention. For the purposes of scenario planning, we would highlight three fairly plausible ones, similar to the ones we introduced in 2020. Think of these as middle instances within a probability distribution, capturing all the outcomes that look fairly plausible, while ignoring the more unlikely outcomes at either extreme:

- **Mushy Middle:** This set of outcomes is typically epitomized by various combinations of a divided government. The precise outlines of any such combination could have big implications for individual sectors. For broader markets, though, the main takeaway is that the need for bipartisan compromises limits the scope for major surprises.
- **Liberal Limp:** A second set of outcomes instead has everything, including key Senate races, falling Democrats' way. We would caution, however, that the boundaries between "Liberal Limp" and "Mushy Middle" are quite fluid. Given an even greater reliance on centrist House Members and Senators, we would expect any Democratic sweep to be less consequential and also short-lived (leading to the loss of one or both chambers in the 2026 mid-terms). And even before then, there would be a risk of death, scandal or resignation shrinking the majority.
- **Trump Theater:** Finally, a Republican sweep needs to be considered, mainly because this too serves as a reminder for what it would take to move very far from our "Mushy Middle." Another Trump presidency would bring plenty of day-to-day drama for market participants to watch, but at least right now, it is hard to imagine an electoral outcome that would allow for much of legislative legacy beyond extending most of the Trump tax cuts. Republican majorities would be too narrow and Congressional delegations too divided to get much done.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.



Source: DWS Investment GmbH as of 6/6/24

From a market perspective, this way of thinking may allow you to tune out much of the noise surrounding U.S. politics, probably until the campaign starts in earnest around Labor Day 2024 in early September. Until then, in our view, there are only two key questions to consider when thinking about any news story. Does it significantly move the needle towards or beyond an outcome of "Liberal Limp?" Or towards or beyond that of "Trump Theater?" In other words, investors should look beyond the horse-race question for the White House and instead consider if either party might be gaining so much voter support to be on track to also control the legislative agenda.

For both parties, moving beyond our "Mushy Middle" adjacent small sweep scenarios looks likely to be a tall order, but for slightly different reasons. For one party to control the legislative agenda requires a combination of sufficient majorities and party cohesion in the next Congress.

Democrats look set to mainly struggle with the former. It is easy, for example, to imagine a political landscape, come November, that sees Joe Biden or some other nominee securing victory fairly easily in the Electoral College, but Democrats only edging out a very narrow victory in the House of Representatives and losing the Senate, due to what looks like a very unfavorable Senate map.²¹

For Republicans, it is of course also possible to imagine outcomes would see Donald Trump winning the White House, but instead of coattails, proving a liability to Republican candidates in key Senate and House races, handing Democrats control of both chambers of Congress.²² Such a split verdict would severely limit the policy-making scope of any new Republican administration, perhaps more so than Mushy Middle Biden scenarios, given Trump's more limited experience in effectively cutting deals with political opponents.

If we instead assume small "sweeps" with narrow majorities, there is still a basic asymmetry between the two parties. The main surprise following the last presidential election has been how – for better or worse, in terms of policy content – Democrats were able to pass consequential laws in 2021 and 2022, despite very narrow majorities.²³ By contrast, it has become quite hard to tell what policy priorities a new Republican administration might wish to pursue, in part because of the party's changing electoral coalition. Its scope for maneuver is likely to be severely constrained by tight majorities in Congress, as well as Republican fractures, to an even larger extent than was the case from 2017 to 2018. Back in 2020, we wrote about such a scenario – Trump returning to the White House and Republicans winning in both Houses of Congress, saying: "For markets, that might mean tax cuts are back on the agenda. Deregulation could continue unimpeded. But so too

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

might the potential for further trade tensions.” Since then, tariffs and other trade measures have increasingly become a bipartisan pursuit, especially with regards to China. Given that Congress has the power to set tariff policy under the U.S. Constitution the direct impact of another Trump term even on trade should not be overstated, in our view.

These relatively mild variations around our Mushy Middle scenario are likely to contrast with some of the more overblown assessments you will be reading elsewhere. In such an environment, it seems quite likely that markets will occasionally take fright, whenever an emerging apparent trend or headline catches them by surprise.²⁴ Old hands on Wall Street, however, recognize that it is far too early to assess which, if any, major policy changes might be in the offing beyond 2024. Indeed, a good, initial approach – at least until Labor Day 2024 – might well be not to get carried away by political headlines, including in terms of implications for specific sectors.

Conclusion:

- To summarize our argument, we do not expect this be the “most important U.S. election of our lives”. But it might well feel this way in coming months. For investors, this could create opportunities along the way, if markets get unnerved and temporarily end up overpricing political risks.
- Such overreactions seem understandable. For much of the past 30 to 40 years, U.S. voters could safely take many (small “d”) democratic norms for granted, contested as many of these have been in previous periods of U.S. history.²⁵ As we have pointed out repeatedly since our 2016 CIO View Special, America's founding fathers were assiduous in avoiding any one person or branch gaining too much power.
- Hence, the emphasis on checks and balances. Broadly speaking, this remains as true today as it was in 2016 and 2020, especially if you look at the current moment in U.S. politics in a comparative perspective.²⁶ Even in far more recently emerged democracies, consolidating power in an open society is never easy and rarely happens in one day, as illustrated by events in Tbilisi, Georgia, in recent months.²⁷ Indeed, some of the risks we and others were worrying about in 2020 and the months that followed have since diminished due to legislative action.²⁸
- Instead, U.S. term limits mean that it remains highly probable from the outset that either of the two leading candidates will become a lame duck – eventually. Three plausible scenarios for the election and its aftermath, **Mushy Middle**, **Liberal Limp** and **Trump Theater** all have in common that the next U.S. president is likely to have less sway over policy than one might expect in a “normal” presidential election year.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

Footnotes

¹ That is, every time when the Presidency is at stake, except when a widely respected incumbent president is sailing towards reelection, with Bill Clinton in 1996 and Ronald Reagan in 1984.

² Would Trump Move to Control the Fed? | The New York Times, published April 26, 2024

³ See, for example, House passes \$60B Ukraine aid bill as GOP rebels threaten to oust Johnson | Fox News, published April 20th, 2024; Johnson Needs Democrats on Ukraine, Handing Them Power to Shape Aid Plan | The New York Times, April 17, 2024; Ukraine Aid Bill Clears Critical Hurdle in the House as Democrats Supply the Votes | The New York Times, April 19, 2024; and The Economist, The House of Representatives gives Ukraine its best news in a year, \$61bn of aid is on the way. It should have an almost instant effect, April 20, 2024.

⁴ To illustrate previous split but also how much sharper divisions are among Republicans nowadays, Pat Buchanan's 1992 convention speech is well worth revisiting. Available at: Voices if Democracy | PATRICK JOSEPH BUCHANAN, "CULTURE WAR SPEECH: ADDRESS TO THE REPUBLICAN NATIONAL CONVENTION" (17 AUGUST 1992)

⁵ "One world", Willkie's 1943 book making a case for American engagement, remains an indispensable guide to how the world we live in in 2024 came about. Available in German as: Willkie, W. (1944) "Unteilbare Welt. Ermäßigte Sonderausgabe für deutsche Kriegsgefangene", Bermann-Fischer

⁶ It might be worth recalling that back in 1968, Richard Nixon was elected in no small measure by positioning himself as the peace candidate. For an interesting look at differences between that election year and this one, see: The campus is coming for Joe Biden, published April 24, 2024

⁷ See, for example, The Economist, Beware a world without American power: Donald Trump's threat to dump allies would risk a nuclear free-for-all, April 4, 2024; and The Economist, Losing their religion: The Republican Party no longer believes America is the essential nation - How the GOP went from isolationism to internationalism and back again, Oct. 26, 2023. Also see: Opinion | Why MAGA Loves Russia and Hates Ukraine - The New York Times, published April 24, 2024 and NATO chief says Ukraine aid will increase, apologizes for falling short, on unannounced visit | Fox News, published April 29, 2024.

⁸ Joe Biden should drop out - Nate Silver, June 28, 2024.

⁹ This should not be overstated. As veteran political commentators such as FiveThirtyEight founder Nate Silver like to point out, pretty much every U.S. presidential election is unprecedented in some way, though not usually all that significant ones. The following 2012 cartoon makes this point quite nicely: xkcd: Electoral Precedent, published in 2012.

¹⁰ On independent and third party candidates, and the challenges they are likely to face just in terms of ballot access, see for example: Will RFK Jr. and third-party contenders even make the ballot in November? - ABC News, published March 21, 2024.

¹¹ Notably, Theodore Roosevelt strong 1912 second place finish as the nominee of his newly formed Progressive (or "Bull Moose") Party, defeating his hand-picked Republican successor William Taft, though both lost to Woodrow Wilson. And Grover Cleveland, who won a second nonconsecutive term in 1892, after being defeated for reelection by Benjamin Harrison in 1888. See: Few former presidents have run for their old jobs – or anything else – after leaving office | Pew Research Center, November 16, 2022. Since George Washington, no one had seriously contemplated a third term. Up until the ratification of the 22nd Amendment to the US constitution in 1951, though, the two-term limit for presidents was a tradition, rather than an unwritten rule (broken by Franklin D. Roosevelt's run of winning four straight elections between 1932 and 1944). The 22nd Amendment also stipulates that for someone who acted as President (such as a Vice-President stepping in in the case of the President dying) for more than two years can only run again one more time.

¹² See, for example, Potter, P. (2016) "Lame-Duck Foreign Policy", Presidential Studies Quarterly, Vol. 46 Issue 4, pp. 849-867.

¹³ Lame Duck: What It Means and how It Works | investopedia.com

¹⁴ As one comparative political scientist puts it, such expectations "can change almost overnight the moment the elite's expectations that underpin it change in a coordinated fashion. (...) this can undermine the president's capacity to shape elite's expectations (...) even before the president actually leaves office. Elites anticipating the change begin thinking about a future without the old president. (...) The value of presidential promises and the gravity of her threats start to dissipate. The president can become a "lame-duck" (...) This sort of lame-duck syndrome can generate tremendous centrifugal pressures within the dominant patronal network in advance of the anticipated moment of succession, pressures undermining presidential control and fraught with revolutionary potential." From: Hale, H. (2015) Patronal Politics: Eurasian Regime Dynamics in Comparative Perspective. (Problems of International Politics.) New York: Cambridge University Press. pp. 84

¹⁵ See, for example, Donald Trump: Favorability Polls | FiveThirtyEight and Joe Biden: Approval Polls | FiveThirtyEight. Likewise among commentators and primary voters, especially on the Republican side. See, for example: 160 million Americans are eligible to be president. How did we end up with these two dudes again? - natesilver.net, published November 6, 2023. What to Make of the 'Zombie Vote' Against Donald Trump - The New York Times, published April 24, 2024; and A threat to democracy no one is talking about - Roll Call, published Feb. 7, 2024.

¹⁶ For a handy overview of the latest polling and very simply constructed polling averages, see: Latest Polls 2024 | RealClearPolling

¹⁷ The frontrunners unpopularity plus third party options makes forecasting especially tricky in ways some of our usual sources appear to be struggling with. For example, it seems that 538, now under new management, has chosen, among other methodological changes to its polling averages, to introduce an initial assumption of the vote shares of Biden and Trump to be inversely correlated. It is the sort of change, on which election nerds could endlessly debate the general merits, but for 2024 it certainly seems odd. For further details, see Trump leads in swing-state polls and is tied with Biden nationally - ABC News, published April 25, 2024.

¹⁸ Generic ballot: 2024 Polls | FiveThirtyEight; also see: Tales of the unexpected, published by DWS Investment GmbH on February 16, 2024.

¹⁹ For background on such scenarios and why U.S. election rules remain as they are, see: Republicans Retain Edge in Electoral College Tie - Sabato's Crystal Ball (centerforpolitics.org); Contingent Election of the President and Vice President by Congress: Perspectives and Contemporary Analysis, published October 6, 2020 and It's really hard to change Electoral College rules - ABC News, published April 11, 2024.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

²⁰ We nevertheless look forward to various poll-driven forecasting models and were excited to see the following announcement: Announcing 2024 election model plans - by Nate Silver, published April 17, 2024.

²¹ See, for example, Are The Democrats Screwed In The Senate After 2024? | FiveThirtyEight, published December 8, 2022.

²² For example, continued disputes over the 2020 elections risks depressing Republican turnout among low propensity voters. This is more or less what ended up happening after the 2020 elections in the Georgia runoffs, somewhat surprising to us and many other commentators. See, for example, Georgia's Runoffs Will Determine Control Of The Senate. Here's What We Know So Far. | FiveThirtyEight, published November 11, 2020

²³ See, for example, The lesson of Biden's transformational first term – Financial Times, published April 30, 2024.

²⁴ To take a recent example: Trump and the Risk of a US Debt Default by William L. Silber - Project Syndicate (project-syndicate.org), published April 23, 2024

²⁵ See, for example, Suri, J. (2022), "Civil War by Other Means: America's Long and Unfinished Fight for Democracy", PublicAffairs

²⁶ See, for example, Trump Can't Be Dictator on 'Day One' – Or in a Second Term. Here's Why. - POLITICO, published Jan. 28, 2024

²⁷ Georgia cracks down on pro-EU protesters in Russia pivot – Financial Times, published May 1, 2024.

²⁸ See, in particular, House Passes Overhaul of Electoral Count, Moving to Avert Another January 6 Crisis - The New York Times, published Sept. 21, 2022 and Congress acted to protect NATO. But it might not be enough to stop Trump | CNN Politics, published February 13, 2024.

Glossary

[Brexit](#) is a combination of the words "Britain" and "Exit" and describes the exit of the United Kingdom of the European Union.

The [Democratic Party \(Democrats\)](#) is one of the two political parties in the United States. It is generally to the left of its main rival, the Republican Party.

The [Republican Party \(Republicans\)](#), also referred to as Grand Old Party (GOP), is one of the two major political parties in the United States. It is generally to the right of its main rival, the Democratic Party.

The [United States Congress](#) is the legislature of the federal government. It is comprised of the Senate and the House of Representatives, consisting of 435 Representatives and 100 Senators.

DWS does not intend to promote a particular outcome to the U.S. election due to take place in November 2024. Readers should, of course, vote in the election as they personally see fit. This information is subject to change at any time, based upon economic, market and other considerations and should not be construed as a recommendation. Past performance is not indicative of future returns. Forecasts are not a reliable indicator of future performance. Forecasts are based on assumptions, estimates, opinions and hypothetical models that may prove to be incorrect. Source: DWS Investment GmbH.

Important information – North America

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries, such as DWS Distributors, Inc., which offers investment products, or DWS Investment Management Americas Inc. and RREEF America L.L.C., which offer advisory services.

This document has been prepared without consideration of the investment needs, objectives or financial circumstances of any investor. Before making an investment decision, investors need to consider, with or without the assistance of an investment adviser, whether the investments and strategies described or provided by DWS, are appropriate, in light of their particular investment needs, objectives and financial circumstances. Furthermore, this document is for information/discussion purposes only and does not and is not intended to constitute an offer, recommendation or solicitation to conclude a transaction or the basis for any contract to purchase or sell any security, or other instrument, or for DWS to enter into or arrange any type of transaction as a consequence of any information contained herein and should not be treated as giving investment advice. DWS, including its subsidiaries and affiliates, does not provide legal, tax or accounting advice. This communication was prepared solely in connection with the promotion or marketing, to the extent permitted by applicable law, of the transaction or matter addressed herein, and was not intended or written to be used, and cannot be relied upon, by any taxpayer for the purposes of avoiding any U.S. federal tax penalties. The recipient of this communication should seek advice from an independent tax advisor regarding any tax matters addressed herein based on its particular circumstances. Investments with DWS are not guaranteed, unless specified. Although information in this document has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness, and it should not be relied upon as such. All opinions and estimates herein, including forecast returns, reflect our judgment on the date of this report, are subject to change without notice and involve a number of assumptions which may not prove valid.

Investments are subject to various risks, including market fluctuations, regulatory change, counterparty risk, possible delays in repayment and loss of income and principal invested. The value of investments can fall as well as rise and you may not recover the amount originally invested at any point in time. Further, investment in international markets can be affected by a host of factors, including political or social conditions, diplomatic relations, limitations or removal of funds or assets or imposition of (or change in) exchange control or tax regulations in such markets. Additionally, investments denominated in an alternative currency will be subject to currency risk, changes in exchange rates which may have an adverse effect on the value, price or income of the investment. This document does not identify all the risks (direct and indirect) or other considerations which might be material to you when entering into a transaction. The terms of an investment may be exclusively subject to the detailed provisions, including risk considerations, contained in the Offering Documents. When making an investment decision, you should rely on the final documentation relating to the investment and not the summary contained in this document.

This publication contains forward looking statements. Forward looking statements include, but are not limited to assumptions, estimates, projections, opinions, models and hypothetical performance analysis. The forward looking statements expressed constitute the author's judgment as of the date of this material. Forward looking statements involve significant elements of subjective judgments and analyses and changes thereto and/or consideration of different or additional factors could have a material impact on the results indicated. Therefore, actual results may vary, perhaps materially, from the results contained herein. No representation or warranty is made by DWS as to the reasonableness or completeness of such forward looking statements or to any other financial information contained herein. We assume no responsibility to advise the recipients of this document with regard to changes in our views.

No assurance can be given that any investment described herein would yield favorable investment results or that the investment objectives will be achieved. Any securities or financial instruments presented herein are not insured by the Federal Deposit Insurance Corporation ("FDIC") unless specifically noted, and are not guaranteed by or obligations of DWS or its affiliates. We or our affiliates or persons associated with us may act upon or use material in this report prior to publication. DB may engage in transactions in a manner inconsistent with the views discussed herein. Opinions expressed herein may differ from the opinions expressed by departments or other divisions or affiliates of DWS. This document may not be reproduced or circulated without our written authority. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries. This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, including the United States, where such distribution, publication, availability or use would be contrary to law or regulation or which would subject DWS to any registration or licensing requirement within such jurisdiction not currently met within such jurisdiction. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions.

Past performance is no guarantee of future results; nothing contained herein shall constitute any representation or warranty as to future performance. Further information is available upon investor's request. All third party data (such as MSCI, S&P & Bloomberg) are copyrighted by and proprietary to the provider.

For Investors in Canada: No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein and any representation to the contrary is an offence. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of DWS Group. Without limitation, this document does not constitute an offer, an invitation to offer or a recommendation to enter into any transaction. When making an investment decision, you should rely solely on the final documentation relating to the transaction you are considering, and not the [document – may need to identify] contained herein. DWS Group is not acting as your financial adviser or in any other fiduciary capacity with respect to any transaction presented to you. Any transaction(s) or products(s) mentioned herein may not be appropriate for all investors and before entering into any transaction you should take steps to ensure that you fully understand such transaction(s) and have made an independent assessment of the appropriateness of the transaction(s) in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You should also consider seeking advice from your own advisers in making this assessment. If you decide to enter into a transaction with DWS Group you do so in reliance on your own judgment. The information contained in this document is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. The distribution of this document and availability of these products and services in certain jurisdictions may be restricted by law. You may not distribute this document, in whole or in part, without our express written permission.

For investors in Bermuda: This is not an offering of securities or interests in any product. Such securities may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

© 2024 DWS Investment GmbH, Mainzer Landstraße 11-17, 60329 Frankfurt am Main, Germany.
All rights reserved.

as of 6/28/24; 101670_1 (06/2024)